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Financing of the United Nations Peacekeeping Force in Cyprus

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Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) contained in document A/53/783 and on the proposed budget for the 12-month period from 1 July 1999 to 30 June 2000 contained in document A/53/805. During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The United Nations Peacekeeping Force in Cyprus was established by the Security Council on 4 March 1964. From its inception until June 1993, the costs of the Force were met by Governments providing contingents, by the Government of Cyprus and by voluntary contributions to UNFICYP. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making an annual contribution of $6.5 million.

Financial performance for the period from 1 July 1997 to 30 June 1998

3. The amount approved by the General Assembly for the period from 1 July 1997 to 30 June 1998 was $48,000,800 gross ($45,877,800 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece for the maintenance of UNFICYP, and including $1,939,100 for the support account for peacekeeping operations and an amount of $1,131,000 for the cost of termination benefits for locally employed civilians relating to the period of employment after 15 June 1993. Recorded expenditures amounted to $47,822,300 gross ($45,871,500 net), resulting in unutilized resources of $178,500 gross ($6,300 net). The unencumbered balance resulted from slightly lower military personnel costs due to a lower actual number of military personnel in the mission area and lower operational costs under infrastructure repairs, transport operations and communications.

4. The Committee was also informed that the savings had accrued as a result of continued economy measures as well as control and strict monitoring of expenditures by the administration. In this connection, the Committee notes that these measures assisted UNFICYP in absorbing the cost

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($654,900) relating to its share of maintaining the United Nations Logistics Base at Brindisi. The Committee welcomes these measures and trusts that other peacekeeping missions will follow suit.

5. As indicated in paragraph 2 of annex II to the report of the Secretary-General (A/53/783), additional expenditure in respect of local staff salaries and common staff costs was incurred owing to the unforeseen retroactive increase of 12.5 per cent in local staff salaries effective from 1 January 1997 (see also A/52/860/Add.4, para. 16).

6. The Committee was informed that troop cost reimbursement up to 31 May 1998 totalled $75,744,519, while the amount owed for the period from 1 June to 31 December 1998 was $8,683,756. With regard to contingent-owned equipment, the Committee was informed that as at 31 December 1998 the amount reimbursed was $1,403,154, the estimated amount owed as at the same date was $10,826,317 and unliquidated obligations in respect of contingent-owned equipment as at 31 December 1998 amounted to $5,103,991. With regard to death and disability compensation, the Committee was informed that as at 31 December 1998 the amount paid was $214,700, 19 claims had been submitted and 3 were pending, and, also as at 31 December 1998, an amount of $900,000 had been kept as unliquidated obligations in respect of death and disability claims. The Committee was also informed that the cash position as at 31 December 1998 was $16.5 million.

7. The Committee notes from annex I to the report of the Secretary-General that an additional expenditure of $45,600 has been shown in respect of transport of contingent-owned equipment. On enquiry, the Committee was informed that this expenditure was incurred for the return shipment of contingent-owned equipment. The Committee was further informed that when troop-contributing countries required that their equipment be reshipped and returned to them, missions were obliged to do so, even if the equipment was obsolete and in a condition to be written off. The Committee recommends that the matter be negotiated with contributing countries with a view to devising a more practical and economical procedure for disposition of obsolete equipment.

8. The Committee notes from paragraph 1 of annex II to the report of the Secretary-General that additional requirements under emplacement, rotation and repatriation of troops were needed owing to the additional rotation of one contingent in accordance with national legislation for which budgetary provision had not been made. On enquiry, the Committee was informed that instead of the normal six-monthly rotation of the contingents, this particular case, because of national legislation, entails a rotation every five and a half months. That being the so, the Committee is concerned that the United Nations would have to pay for an additional rotation every fifth or sixth year. The Committee recommends that the administration look into the matter with a view to convincing the troop contributor to bear the cost of the additional rotation. In this connection, the Committee was informed that civilian police are usually rotated on an annual basis; when a country has recalled its police contingent after six months, that country has borne the additional expense.

Cost estimates for the period from 1 July 1999 to 30 June 2000

9. As indicated in paragraph 1 of the report of the Secretary-General (A/53/805), an amount of $43,631,800 gross ($41,722,300 net) has been requested for the maintenance of UNFICYP for the 12-month period from 1 July 1999 to 30 June 2000.

10. As indicated in paragraph 2 of the report, the proposed overall increase reflects a 2.12 per cent increase in military personnel costs, a 0.8 per cent increase in civilian personnel costs, offset by a decrease of 1.5 per cent in operational costs, due to lower requirements for transport operations, air operations, communications and freight.

11. With regard to local staff costs, the Advisory Committee was informed that the 1999–2000 estimates for local staff requirements were based on the assumption that local staff salaries and common staff costs will be increased by 12 per cent, as compared with the current financial period. This assumption was made following (a) an original underestimation of local staff costs and (b) a 12.5 per cent increase in local staff emoluments as of 1 January 1997. However, based on the results of the latest local salary survey, which were not available at the time of the budget preparations, the actual increase of 1.6 per cent became effective on 1 October 1998. On that basis, the proposed provision of $4,278,500 for local staff salaries can be reduced by $501,200 to $3,777,300 and the proposed provision of $1,505,000 for local staff common staff costs can be reduced by $42,300 to $1,462,700. Concomitantly, the provision of $21,300 for overtime (0.5 per cent of the local staff salary) can be reduced by $2,400 to $18,900 and provision for local staff assessment of $1,109,400 can be reduced by $171,000 to $938,400. Total proposed reductions amount to $716,900.

12. The Committee notes from paragraph 22 of the report of the Secretary-General that "a further review during the past six months has focused on bringing UNFICYP into line with the approaches in more recently established

peacekeeping missions". The Committee welcomes this review and the related efficiencies to be achieved by integrating civilian and military personnel in terms of sharing responsibilities and decision-making, initiating more transparency and better financial control. In this connection, it is proposed that the existing UNFICYP Humanitarian Branch be reorganized into a Civil Affairs Branch to be headed by a newly established post of Chief at the P-4 level, assisted by a newly established post of Civilian Affairs Officer at the P-3 level. Job descriptions for these new posts are provided in annex II.D to the report of the Secretary-General.

13. For reasons given in paragraph 24 of the report, an additional civil engineer post at the P-3 level with responsibility for engineering, buildings maintenance and trades and crafts facilities has been proposed. The job description for this post has been provided in annex II.D to the report. The request for these three new posts is offset by the abolition of three international General Service posts and six Local level posts. The Committee recommends acceptance of the Secretary-General's proposals regarding posts for UNFICYP.

14. Another factor affecting the budget estimates is the requirement arising from the need to repair and modernize infrastructure such as premises. The Committee notes from paragraph 7 of annex I.C to the report of the Secretary-General that some of the installations are over 40 years old and that special works are required to bring them up to acceptable safety and operational standards. In this connection, the Committee also notes from paragraph 17 of annex I.C that bedding and furniture replacement is proposed as well as replacement of fire-fighting equipment that has become obsolete. The Committee was informed that a phased approach for a period of three to four years would be used for replacement.

15. The Committee notes from annex I.A and paragraphs 19 and 20 of the report of the Secretary-General, that an amount of $1,288,800 has been shown for reimbursement of contingent-owned equipment. The Committee requested additional clarification on the method of reimbursement — that is, whether the old or the new method was being used in each case — and the number of countries using each method. The Committee was informed that at the request of the troop contributors concerned, the old reimbursement system was being used for payments of contingent-owned equipment costs to the Governments of Austria, Hungary and Ireland. The new reimbursement system arrangements were in place with regard to the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland. The Committee trusts that a timetable for the introduction of the new system will be formulated.

16. With regard to transport operations, the Committee notes from paragraph 9 of annex I.C of the report of the Secretary-General that UNFICYP has a total vehicle fleet of 349, including 214 rentals and 61 United Nations-owned and 74 contingent-owned vehicles. On enquiry, the Committee was informed that after a review of various options, UNFICYP had confirmed that it was more cost-effective to lease some vehicles than to operate an entirely United Nations-owned fleet since the mission did not have its own infrastructure to manage a mission-owned fleet. Should a leased vehicle be out of commission, it would immediately be replaced by the contractor. Heavy duty vehicles, on the other hand, had to be purchased since it was not possible to rent them locally.

17. The Committee notes from the response provided in paragraph 3 of annex III to the report of the Secretary-General that air safety services would be provided on a cost-sharing basis by the air safety officer of the United Nations Iraq-Kuwait Observation Mission (UNIKOM). On enquiry, the Committee was informed that air safety services had thus far been provided by the air safety officer of the United Nations Interim Force in Lebanon and once the air safety officer post in UNIKOM had been established, these services would be provided to UNFICYP by either of the two officers. UNFICYP would be responsible for payment of the daily subsistence allowance and travel costs only.

18. With regard to helicopter operations, the Committee recalls that in response to the comment from the Office of Internal Oversight Services in its report (A/53/428, annex) that "the mission could not demonstrate that the provision of two helicopters under a Letter of Assist with a Government was the only viable and cost-effective option", the mission had determined that "use of a commercial option would place unacceptable restrictions on its ability to operate" (para. 18). On enquiry, the Committee was informed that the subject would be reviewed when the existing Letter of Assist arrangement expired. The Committee points out that services obtained under a Letter of Assist can be more expensive. Taking into account the inherent operational and political constraints that may be experienced in the mission area, the Committee requests that the administration review the matter and report thereon in the context of the next budget submission.

19. The Committee welcomes the action under way to implement the recommendations of the Committee and the Board of Auditors, as indicated in annexes III and IV of the report of the Secretary-General. With regard to outsourcing

of support functions, as recommended by the Committee (A/52/860/Add.4, para. 19) and by the Office of the Internal Oversight Services (A/53/428, para. 17), the Committee notes UNFICYP's response, especially in regard to its conducting of market surveys for outsourcing catering and janitorial services, the results of which would be finalized by the end of June 1999. In this connection, the Committee points out that the implications of this move on labour relations in the mission area would need to be examined.

20. The Committee had stated that organizations seeking the help of UNFICYP should reimburse UNFICYP (A/51/851, para. 40). The Committee notes the information regarding assistance provided by UNFICYP to the World Health Organization, the Office of the United Nations High Commissioner for Refugees and the United Nations Volunteers programme and the analysis being undertaken in this regard (A/53/805, annex III, para. 3). In this connection, the Committee reiterates its recommendation that care should be taken to avoid the establishment of elaborate and costly recovery methods which might not be commensurate with the amounts to be recovered. The Committee trusts that the results of the analysis will be reported in the context of the next budget and that reimbursements received should be reflected in annex I to the budget.

21. Taking into account its comments and observations in the paragraphs above (in particular para. 11), the Committee recommends that $42,914,900 gross ($41,176,400 net) be approved for the maintenance of UNFICYP for the 12-month period beginning on 1 July 1999.